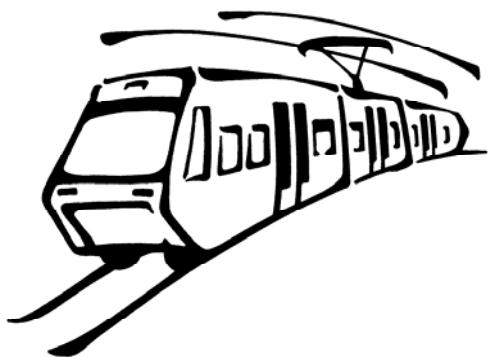
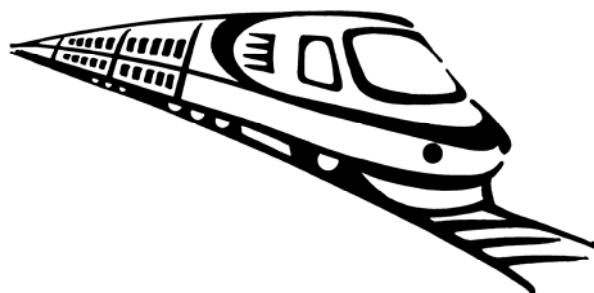




Central Puget Sound  
Regional Transit Authority



**Quarterly Financial Report  
Second Quarter 2007  
June 30, 2007**

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**Second Quarter 2007**  
**Quarterly Financial Report**

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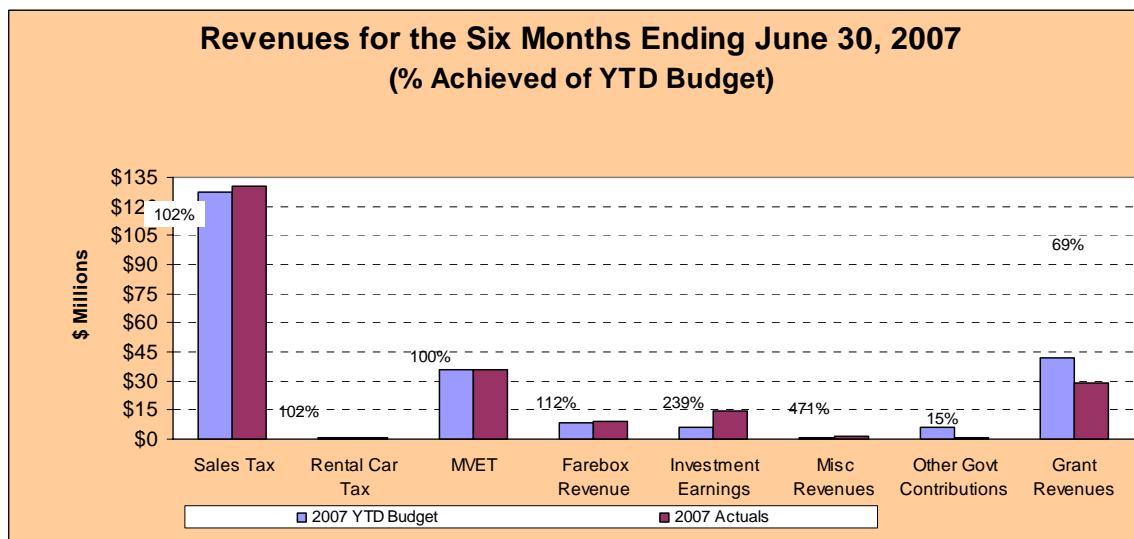
**TO:** Board of Directors  
**FROM:** Joni Earl, *Chief Executive Officer*  
Brian McCartan, *Chief Financial Officer*  
**SUBJECT:** Second Quarter 2007 Financial Report

## Executive Summary

This report summarizes Sound Transit's 2007 financial performance for revenues, transit operations, capital outlays and staff operating expenses for the second quarter. The discussion and graphs below summarize the budget and financial results, followed by detailed financial data, notes assessing the agency's performance to budget and summarized subarea information.

### Revenues

The total agency revenues of \$222M were below budget year to date by \$5.1M or 2% primarily due to a lag in receipt of federal revenues. Federal grant revenues were \$13.2M or 31% below budget at the end of the second quarter, reflecting later than anticipated execution of the FFGA appropriations which are projected to occur in the fourth quarter of this year. Federal grant contributions for the Sound Move program are still anticipated to meet lifetime budget expectations. Tax revenues at \$166.7M exceeded budget by \$2.5M or 2%, and investment earnings of \$14.4M exceeded budget by \$8.4M or 139%. The higher investment earnings revenues are caused mainly by a higher than forecasted short term interest rate. Farebox revenues, at \$9.4M, were \$1.0M or 12% over budget.

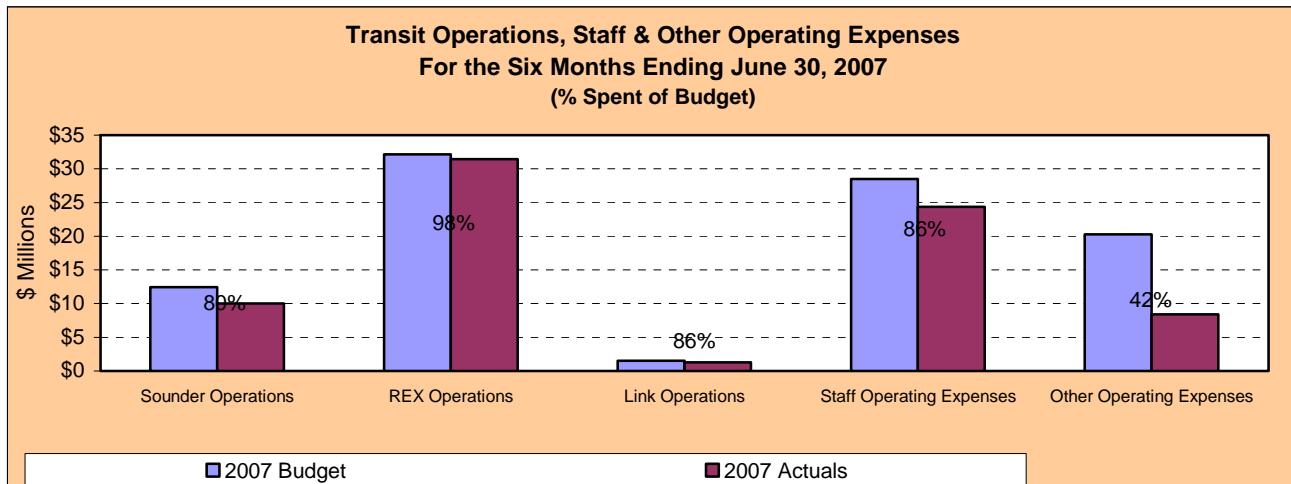


### Expenses

Total agency expenses of \$80.3M were below the year to date budget by \$22.8M or 22% primarily in transit operations and regional fund and other operating expenses. Transportation Services direct operating expenses as a percent of budget were: Sounder 80%, Regional Express 98% and Tacoma Link 86%. Most of the underspending occurred in the services and depreciation categories and is impacted by the timing of vehicle and facility maintenance that will occur later in the year than anticipated.

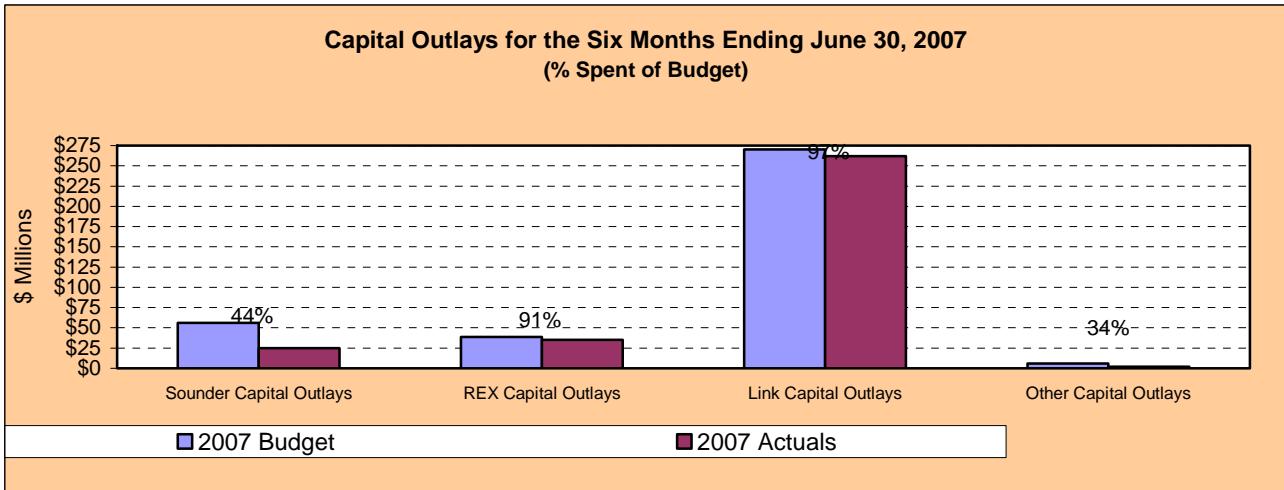
Staff operating expenses, of \$9.5M after transfers, were \$1.1M or 11% under budget for the year. Headcount that was also proportionally lower throughout the year as the agency continues to experience multiple vacancies.

Other operating expenses of \$5.2M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by \$9.2M primarily due to lower than expected Phase Two Planning costs. There will be more spending in the second half of the year for Phase 2 Planning related to mailings to households.



### Capital Outlays

Total agency capital outlays of \$323.76M were 87% of the year to date budget. Sounder project expenditures of \$24.8M were 44% of budget reflecting lower than anticipated construction spending. With delays experienced in the D Street - M Street and Seattle - Tacoma Track and Signal projects, as well as Everett Station. Regional Express project spending at \$35.1M was 91% of budget primarily reflecting lower than predicted spending in construction. Link project spending was substantially on target at \$270.4M was 97% of the year to date budget. Other Capital of \$2.0M was 34% of the year to date budget reflecting delays in art projects at Link Stations, delays in Smart Card project costs, and bus purchases are likely to occur later in the year.



### Summary Income Statement

The table below summarizes the annual revenues and expenses for the two quarters ending June 30, 2007. Overall, agency net income before contributions to other governments ended the quarter \$17.7M below budget. This variance is made up of a \$5.1M shortfall to date in total revenues offset by \$22.8M in lower expenses. The two main variances are delayed receipt of Federal Grants and lower than budgeted transit operations, regional fund, and other operating expenses.

The \$13.6M in transfers to other governments include \$8M for the Canyon Park Freeway Station and \$1.5M for Ash Way Transit Access to Washington State Department of Transportation and \$1M for the Issaquah Highlands Park and Ride to King County Metro as well as various other contributions to other governments. While spending on projects is budgeted as part of capital outlays, they are expensed or capitalized upon completion.

## Income Statement

For the Six Months Ending June 30, 2007

### Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget Favorable/ (Unfavorable)	YTD Actuals as % of YTD Budget
<b>REVENUES</b>						
Tax Revenues	\$78,662,957	88,076,226	\$166,739,183	164,237,513	\$2,501,670	102%
Farebox Revenues	4,115,644	5,231,270	9,346,914	8,336,713	1,010,201	112%
Investment Income	7,717,867	6,662,160	14,380,027	6,013,446	8,366,581	239%
Other Miscellaneous	791,270	1,088,416	1,879,686	399,180	1,480,506	471%
State & Local Contributions	76,063	886,027	962,091	6,232,866	(5,270,775)	15%
Federal Grants	3,484,289	25,246,812	28,731,101	41,916,624	(13,185,523)	69%
<b>TOTAL REVENUES</b>	<b>\$94,848,090</b>	<b>\$127,190,912</b>	<b>\$222,039,002</b>	<b>\$227,136,342</b>	<b>(\$5,097,340)</b>	<b>98%</b>
<b>EXPENSES</b>						
Net Staff Operating Divisions	\$ 4,451,247	\$ 5,050,178	\$ 9,501,425	\$ 10,617,281	\$ 1,115,855	89%
Transit Operations	30,356,874	32,037,399	\$62,394,273	72,198,309	9,804,036	86%
Regional Fund & Other Operations	1,587,716	3,573,127	\$5,160,844	14,457,324	9,296,481	36%
Community Development Fund	30,708	405,241	\$435,949	845,760	409,811	52%
Debt Service	64,779	65,806	\$130,585	970,223	839,638	13%
Non-Capitalizable LOB expenses	515,503	2,185,552	\$2,701,055	3,981,798	1,280,743	68%
<b>TOTAL EXPENSES</b>	<b>\$ 37,006,828</b>	<b>\$43,317,304</b>	<b>\$80,324,132</b>	<b>\$103,070,695</b>	<b>\$22,746,563</b>	<b>78%</b>
EXCESS REVENUE OVER EXP.						
Transfers to Other Governments	\$57,841,262	\$83,873,608	\$141,714,870	\$124,065,647	\$17,649,223	114%
	-	13,601,473	13,601,473	37,999,998	24,398,525	36%
<b>NET REVENUE OVER EXP.</b>	<b>\$57,841,262</b>	<b>\$70,272,135</b>	<b>\$128,113,397</b>	<b>\$86,065,649</b>	<b>\$42,047,748</b>	<b>149%</b>

## Summary of Net Assets

The following table summarizes assets and liabilities at the end of the second quarter and provides comparative data for second quarter of 2006. Total assets increased by \$334.8M from the same period in 2006 and liabilities increased by \$25.4M. Current assets, excluding restricted assets, decreased by \$270.0M and reflect the spend down of available cash and investment balances as payments with respect to the agency's capital program exceed incoming cash flows. The amount invested in capital assets increased by \$637.0M reflecting the activity on capital programs, particularly the Link Light Rail Program.

	As of Jun-07	As of Jun-06	% Change Jun-07 to Jun-06
Current Assets, excluding Restricted Assets	\$ 381.4	\$ 651.4	-41%
Restricted Assets	153.3	184.6	-17%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,220.6	1,129.6	8%
Capital Projects in Progress	1,840.6	1,292.8	42%
Capital Projects in Progress - non ST	121.6	123.4	-1%
Other Non-Current Assets	67.7	68.6	-1%
<b>Total Assets</b>	<b>\$ 3,785.2</b>	<b>\$ 3,450.4</b>	<b>10%</b>
Current Liabilities, excluding Interest Payable from Restricted Assets	152.5	119.1	28%
Interest Payable from Restricted Assets	15.1	15.0	1%
Long-Term Debt	774.5	780.5	-1%
Other Long-Term Liabilities	67.7	69.9	-3%
<b>Total Liabilities</b>	<b>1,009.8</b>	<b>984.4</b>	<b>3%</b>
Net Assets	2,775.4	2,465.9	13%
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,785.2</b>	<b>\$ 3,450.4</b>	<b>10%</b>
Invested in Capital Assets, Net of Related Debt	2,403.0	1,754.8	37%
Restricted Net Assets	118.9	145.9	-19%
Unrestricted Net Assets	253.5	565.2	-55%
<b>Total Net Assets</b>	<b>\$ 2,775.4</b>	<b>\$ 2,465.9</b>	<b>13%</b>

## **FINANCIAL DETAIL**

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## Revenue

### Agencywide Revenues

For the Six Months Ending June 30, 2007

Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
<b>REVENUE SOURCES</b>						
Retail Sales and Use Tax	61,290,601	68,783,880	130,074,481	127,488,130	2,586,351	102%
Rental Car Tax	406,988	586,176	993,164	975,699	17,465	102%
Motor Vehicle Excise Tax	16,965,367	18,706,170	35,671,537	35,773,684	(102,147)	100%
Farebox Revenue	4,115,644	5,231,270	9,346,914	8,336,713	1,010,201	112%
Investment Income	7,717,867	6,662,160	14,380,027	6,013,446	8,366,581	239%
Miscellaneous Revenues	791,270	1,088,416	1,879,686	399,180	1,480,506	471%
<b>OTHER FINANCING</b>						
Local & State Contributions	76,063	886,027	962,091	6,232,866	(5,270,775)	15%
Federal Grants	3,484,289	25,246,812	28,731,101	41,916,624	(13,185,523)	69%
<b>TOTAL SOURCES</b>	<b>\$ 94,848,090</b>	<b>\$ 127,190,912</b>	<b>\$ 222,039,002</b>	<b>\$ 227,136,342</b>	<b>\$ (5,097,340)</b>	<b>98%</b>

### Revenue Notes

**Retail Sales and Use Tax** exceeds the 2007 second quarter YTD budget by \$2.6M and \$5.0M, or 6%, above the equivalent period in 2006, reflecting strong economic activity in the region.

**Rental Car Tax** is over budget by \$18K or 2% and \$160K, or 6% under 2006.

**Motor Vehicle Excise Tax** is under the second quarter YTD 2007 budget by \$102K, or .3%. 2007 MVET revenues are \$431K, or 1%, higher than the second quarter YTD MVET revenues in 2006.

**Farebox Revenues** exceed the 2007 budget by \$1.0M, or 12%, and are \$1.2M or 14% higher than the same period in 2006. YTD Boardings are 351K or 11% higher than the first half of 2006. The growth in ridership continues the ramp up after the service increases of 2005 and helped by a strong regional economy and higher fuel costs. In addition, in the first quarter of 2006 there were significant service disruptions on Sounder service between Seattle and Everett; there were no such disruptions in 2007. Overall, Sounder service is up 20% over the first half of 2006, and Sounder has a higher fare per boarding than ST Express, resulting in a comparatively larger increase on revenues, than ridership.

**Investment Income** exceeds the second quarter budget by \$8.4M or 139% and is \$2.8M or 16%, lower than 2006 investment income for the equivalent period. The positive variance is caused mainly by higher than forecasted short-term interest rate. The investment portfolio is decreasing in size as maturing investments are being used to fund capital projects. Therefore interest earnings will decrease as the year progresses.

**Miscellaneous Revenues** exceeds the year to date 2007 budget by \$1.5M or 471%, primarily from Sounder revenue vehicle rental income, which was not budgeted for 2007 as this was anticipated that all rental vehicles would be returned by the end of 2006. Also included in this category is advertising on ST Express buses and rental property income. Miscellaneous Revenues are \$288K or 18% higher than 2006 miscellaneous revenues. Advertising revenues have been strong in 2007 as the agency has been more aggressive in soliciting advertising on its fleet.

**Local, State and Federal Grants** State and local contributions are below the second quarter budget by \$5.3M or 85%. Local Contributions include contributions to the Community Development Fund and Local Grants for stations and projects. The State contributions include grants as well as Land Bank contributions. Federal grants are below budget by \$13.2M, or 31%, primarily awaiting the execution of the 2007 FFGA appropriation (\$80m) which is projected to occur in the fourth quarter of this year. The

FTA is waiting until the Link Initial Segment's Project Management Plan is updated before they process the appropriation. Federal Grants are \$3.2M or 10% less than revenues in the equivalent period of 2006.

## Summary Operations and Capital Outlays

<b>Capital Outlays by Line of Business</b>					
<b>For the Six Months Ending June 30, 2007</b>					
<b>Regional Express, Sounder, Link, &amp; Other</b>					
<b>Current Year 2007</b>					
	<b>2007 Adopted Capital Plan</b>	<b>YTD Capital Plan</b>	<b>YTD Actuals</b>	<b>YTD actuals (over)/under YTD Budget</b>	<b>YTD actuals as % of YTD Budget</b>
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c/b]</i>
Sounder Commuter Rail	176,011,265	56,093,992	24,781,513	31,312,480	44%
Link Light Rail	576,554,062	270,390,022	261,778,373	8,611,649	97%
Regional Express	64,392,220	38,528,323	35,112,969	3,415,353	91%
Other Capital	12,129,995	6,064,992	2,037,640	4,027,352	34%
<b>TOTAL</b>	<b>829,087,542</b>	<b>371,077,329</b>	<b>323,710,495</b>	<b>\$47,366,834</b>	<b>87%</b>
<b>Lifetime Capital Plan</b>					
	<b>Adopted Capital Plan</b>	<b>Life-to-date Outlays</b>	<b>Remaining Contract</b>	<b>Budget Remaining</b>	<b>% Spent and Committed</b>
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Sounder Commuter Rail	1,215,006,845	891,533,239	53,984,414	269,489,192	78%
Link Light Rail	4,107,234,744	1,834,862,298	469,457,643	1,802,914,803	56%
Regional Express	785,241,557	500,527,731	78,355,880	206,357,947	74%
Other Capital	375,996,595	135,165,514	9,478,401	231,352,680	38%
<b>TOTAL</b>	<b>6,483,479,741</b>	<b>3,362,088,781</b>	<b>611,276,338</b>	<b>2,510,114,622</b>	<b>61%</b>
<b>Combined Transit Operations Summary</b>					
<b>For the Six Months Ending June 30, 2007</b>					
<b>ST Express, Sounder, Link, &amp; MIP</b>					
	<b>Q1 Actuals</b>	<b>Q2 Actuals</b>	<b>YTD Total Actuals</b>	<b>YTD 2007 Budget</b>	<b>YTD Actuals to YTD Budget favorable/(unfavorable)</b>
<b>Revenues</b>					
Passenger Fares	4,115,644	5,231,270	9,346,914	8,336,713	1,010,201
Other Operating Revenues	661,980	786,106	1,448,086	956,445	491,641
<b>Total Operating Revenues</b>	<b>4,777,624</b>	<b>6,017,376</b>	<b>10,795,000</b>	<b>9,293,158</b>	<b>1,501,842</b>
<b>Direct Operating Expenses</b>					
Salaries & Benefits	514,184	507,828	1,022,012	1,048,560	26,548
Services	2,590,922	3,291,068	5,881,990	7,891,538	2,009,549
Materials & Supplies	569,203	587,127	1,156,330	1,513,480	357,150
Insurance	416,637	418,848	835,485	1,190,929	355,444
Purchased Transportation Svcs	16,423,200	16,803,141	33,226,341	33,704,606	478,265
Miscellaneous Expenses	46,841	69,750	116,591	221,673	105,082
Leases & Rentals	110,888	(2,971)	107,917	210,453	102,536
Other Expenses	183,940	425,277	609,217	659,598	50,381
<b>Total Direct Operating Expenses</b>	<b>\$ 20,855,815</b>	<b>\$ 22,100,067</b>	<b>\$ 42,955,882</b>	<b>\$ 46,440,837</b>	<b>\$ 3,484,955</b>
Agency Admin Allocations	1,505,737	1,789,867	3,295,604	3,735,845	440,241
<b>Fully Allocated Operating Expenses</b>	<b>\$ 22,361,552</b>	<b>\$ 23,889,934</b>	<b>\$ 46,251,486</b>	<b>\$ 50,176,682</b>	<b>\$ 3,925,196</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (17,583,928)</b>	<b>\$ (17,872,558)</b>	<b>\$ (35,456,486)</b>	<b>\$ (40,883,524)</b>	<b>\$ 5,427,038</b>
Contingency	-	-	-	2,524,455	2,491,475
Depreciation & Amortization	7,995,322	8,147,465	16,142,787	19,497,172	3,354,385
<b>Net Subsidy from Operations after Depreciation and Amortization</b>	<b>\$ (25,579,250)</b>	<b>\$ (26,020,023)</b>	<b>\$ (51,599,273)</b>	<b>\$ (62,905,151)</b>	<b>\$ 11,305,878</b>
<b>Ridership</b>					
Boardings	3,179,038	3,463,283	6,642,321	6,347,078	295,243
Average Weekday Boardings	43,860	48,220	46,038	44,794	1,244

Fully allocated transit operations expenses before depreciation and contingency are at 92% of the YTD budget. The largest component of these expenses is Purchased Transportation Services, which is at 99% of YTD budget.

The YTD 2007 net subsidy from fully allocated transit operations is \$35.5M versus a budgeted subsidy of \$40.9M, a favorable variance of \$5.4M. Revenues are over budget by \$1.5M and expenses are less than budget by \$3.9M.

Specific discussion of variances by account group is included on the next pages, organized by service mode.

## Sounder Commuter Rail

### Sounder Commuter Rail Transit Operations

For the Six Months Ending June 30, 2007

	Q1 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
<b>Revenues</b>						
Passenger Fares	934,635	1,765,362	2,699,997	2,928,278	(228,281)	92%
Other Operating Revenues	521,355	520,057	1,041,412	836,499	204,913	124%
<b>Total Operating Revenues</b>	<b>1,455,990</b>	<b>2,285,419</b>	<b>3,741,409</b>	<b>3,764,777</b>	<b>(23,368)</b>	<b>99%</b>
<b>Direct Operating Expenses</b>						
Salaries & Benefits	74,440	79,993	154,433	158,631	4,198	97%
Services	2,120,843	2,524,761	4,645,604	6,022,601	1,376,997	77%
Materials & Supplies	471,935	477,628	949,563	1,209,017	259,454	79%
Insurance	338,397	339,853	678,250	949,672	271,422	71%
Purchased Transportation Svcs	1,526,019	1,602,004	3,128,023	3,469,000	340,977	90%
Miscellaneous Expenses	25,925	25,989	51,914	86,921	35,007	60%
Leases & Rentals	92,193	(25,000)	67,193	145,295	78,102	46%
Other Expenses	69,957	263,293	333,250	393,596	60,346	85%
<b>Total Direct Operating Expenses</b>	<b>\$ 4,719,709</b>	<b>\$ 5,288,521</b>	<b>\$ 10,008,230</b>	<b>\$ 12,434,733</b>	<b>\$ 2,426,504</b>	<b>80%</b>
Agency Admin Allocations	498,575	593,029	1,091,601	1,202,845	111,244	91%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 5,218,284</b>	<b>\$ 5,881,550</b>	<b>\$ 11,099,831</b>	<b>\$ 13,637,578</b>	<b>2,537,747</b>	<b>81%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (3,762,294)</b>	<b>\$ (3,596,131)</b>	<b>\$ (7,358,422)</b>	<b>\$ (9,872,801)</b>	<b>\$ 2,514,379</b>	<b>75%</b>
Contingency	-	-	-	684,784	684,784	-
Depreciation & Amortization	3,999,435	4,150,243	8,149,678	10,991,280	2,841,602	74%
<b>Net Subsidy from Operations after Depreciation and Amortization</b>	<b>\$ (7,761,729)</b>	<b>\$ (7,746,374)</b>	<b>\$ (15,508,100)</b>	<b>\$ (21,548,865)</b>	<b>\$ 6,040,766</b>	<b>72%</b>
<b>Ridership</b>						
Boardings	471,539	501,890	973,429	902,236	71,193	108%
Average Weekday Boardings	7,254	7,566	7,413	6,961	452	106%

**Revenues and Ridership:** Passenger Fares year-to-date (YTD) are under budget by \$228K, however they exceeded the prior YTD revenue by \$441K. Ridership is 6% higher than forecasted but the Average Fare per Boarding (AFB) is \$0.54 lower than estimated in budget. With strong ridership, combined with a fare increase enacted beginning in June 2007, fare revenues are expected to be at budget at year end.

Non-transportation revenue, primarily the revenue associated with the leasing of Sounder vehicles to other jurisdictions, is over the budget by \$208K, or 24% as a higher number of vehicles remain on lease than anticipated. Revenues in this category will decline from current levels as leased Sounder vehicles are recalled, but the revenues will still exceed budget at year end.

**Services** were under budget by \$1.4M or 23%. The largest variance was in maintenance of vehicles, which was under budget by \$738K and maintenance of stations was under budget by \$307K, as most maintenance programs will take place during the latter part of the year. Security services were at 92% of the year to date budget, however these costs are expected to be at budget by year-end. Maintenance of way costs are under budget by \$136K and are expected to be under budget throughout the year, as the ST owned railway is not yet in operational service between Tacoma and Lakewood. Other maintenance of way costs are related to maintenance of the layover yards which are not yet complete.

**Materials & Supplies** were at 79% of YTD budget. Fuel costs were under budget by \$86K, or 17%. Average fuel prices have been below budgeted levels through June, though historically the summer is the time for price spikes. Supplies for marketing materials have been under the budget as there were fewer marketing programs for the first two quarters of the year.

**Insurance** was under 2007 YTD budget by \$271K or 29%. Claim activity has been favorable with respect to budget.

**Purchased Transportation Services** were under 2007 YTD budget by \$341K or 10%. This account mainly consists of payments to BNSF for train operations and related trackage fees. This category is expected to be at budget by year-end.

**Miscellaneous Expenses** were under 2007 YTD budget by 40%. The biggest component in this account was advertising media promotion, which is underspent by \$64K, but is expected to increase in the latter half of the year.

**Leases and Rentals** were under the 2007 YTD budget by \$78K, or 54%. Budgeted expenses for a lease with a third party have not occurred as negotiations are on-going. Other leases for additional parking have been renewed at lower rates than budgeted.

**Other Expenses**, including taxes and utilities, were at 85% of the YTD budget.

**Agency Admin Allocations** were at 91% of the YTD budget. This account includes the staff operating costs allocated from both corporate and line of business departments. The variance is in line with overall agency budget performance.

**ST Express Transit Operations**  
For the Six Months Ending June 30, 2007

	Q1 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
<b>Revenues</b>						
Passenger Fares	3,181,009	3,465,908	6,646,917	5,408,435	1,238,482	123%
Other Operating Revenues	140,625	265,623	406,248	119,946	286,302	339%
<b>Total Operating Revenues</b>	<b>\$ 3,321,634</b>	<b>\$ 3,731,531</b>	<b>\$ 7,053,165</b>	<b>\$ 5,528,381</b>	<b>\$ 1,524,784</b>	<b>128%</b>
<b>Direct Operating Expenses</b>						
Salaries & Benefits	47,801	48,025	95,826	96,756	930	99%
Services	269,794	511,896	781,690	1,208,604	426,914	65%
Materials & Supplies	62,797	78,510	141,307	211,063	69,756	67%
Insurance	5,444	5,790	11,234	35,714	24,480	31%
Purchased Transportation Svcs	14,897,181	15,201,137	30,098,318	30,230,606	132,288	100%
Miscellaneous Expenses	17,384	37,286	54,670	120,037	65,367	46%
Leases & Rentals	18,695	22,029	40,724	63,158	22,434	64%
Other Expenses	85,875	131,730	217,605	205,538	(12,067)	106%
<b>Total Direct Operating Expenses</b>	<b>\$ 15,404,971</b>	<b>\$ 16,036,403</b>	<b>\$ 31,441,374</b>	<b>\$ 32,171,476</b>	<b>\$ 730,102</b>	<b>98%</b>
Agency Admin Allocations	882,728	1,049,104	1,931,832	2,233,000	301,168	87%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 16,287,699</b>	<b>\$ 17,085,507</b>	<b>\$ 33,373,206</b>	<b>\$ 34,404,476</b>	<b>\$ 1,031,270</b>	<b>97%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (12,966,065)</b>	<b>\$ (13,353,976)</b>	<b>\$ (26,320,041)</b>	<b>\$ (28,876,095)</b>	<b>\$ 2,556,054</b>	<b>91%</b>
Contingency	-	-	-	-	-	-
Depreciation & Amortization	3,283,006	3,284,144	6,567,150	7,113,758	546,608	92%
<b>Net Subsidy from Operations after Depreciation and Amortization</b>	<b>\$ (16,249,071)</b>	<b>\$ (16,638,120)</b>	<b>\$ (32,887,191)</b>	<b>\$ (37,743,127)</b>	<b>\$ 4,855,936</b>	<b>87%</b>
<b>Ridership</b>						
Boardings	2,488,056	2,731,431	5,219,487	5,022,539	196,948	104%
Average Weekday Boardings	33,733	37,588	35,661	35,025	636	102%

**Passenger Fares and Ridership:** Passenger Fares were over the YTD 2007 budget by 23% with ridership exceeding budget estimates by 3.1% and AFB by \$0.19. Passenger revenues YTD for 2007 exceed 2006 by \$723K with boardings up by 8.4%. Other operating revenues were over the 2007 YTD budget by \$286K, or 339% of the YTD budget. Advertising revenues have increased through a more concerted advertising effort. Advertising revenues are expected to be over budget at year end.

**Services** were at 65% of 2007 YTD budget. The budget for services included costs for the Downtown Seattle Transit Tunnel, which will occur later in the year upon the re-opening of the tunnel to bus operations. These costs are expected to be at budget at year end. Maintenance of station and security costs were under budget by approximately \$210K as scheduled maintenance projects will also occur later in the year. Marketing costs were under budget through June but are expected to return to budgeted levels by year end.

**Materials and Supplies** were under YTD budget by \$70K, or 33%. Tools and equipment were under budget \$51K with new bike racks being installed on parts of the fleet later this year. Marketing materials were at 17% of the budget. Materials and supplies for facilities were at 24% of the budget. This category is expected to be at budget by year-end.

**Insurance** is under YTD budget by \$24K, or 69%. Budgeted reserves for insurance claims have been less than estimated through the second quarter.

**Miscellaneous Expenses** were at 46% of YTD budget. The primary spending in this category is marketing campaigns, and this category is expected to be at budgeted levels at year end.

**Lease and Rentals** were under YTD budget by \$22K. A budgeted lease agreement for two additional buses for King County Metro operated services has been discontinued following the completion of the engine retrofit project.

**Agency Admin Allocations** were at 87% of the YTD budget. This account includes the staff operating costs allocated from both corporate and line of business departments. The variance in this category is consistent with agency performance against budgets.

## Tacoma Link Light Rail

### Tacoma Link Transit Operations

For the Six Months Ending June 30, 2007

	Q1 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
<b>Revenues</b>						
Passenger Fares	-	-	-	-	-	-
Other Operating Revenues	-	426	426	-	426	-
<b>Total Operating Revenues</b>	<b>-</b>	<b>426</b>	<b>426</b>	<b>-</b>	<b>426</b>	<b>-</b>
<b>Direct Operating Expenses</b>						
Salaries & Benefits	345,004	332,536	677,540	704,889	27,349	96%
Services	130,101	221,823	351,924	438,158	86,234	80%
Materials & Supplies	32,939	30,966	63,905	92,100	28,195	69%
Insurance	72,796	73,205	146,001	205,543	59,542	71%
Purchased Transportation Svcs	-	-	-	5,000	5,000	-
Miscellaneous Expenses	507	(18)	489	7,900	7,411	6%
Leases & Rentals	-	-	-	2,000	2,000	0%
Other Expenses	27,825	30,026	57,851	60,464	2,613	96%
<b>Total Direct Operating Expenses</b>	<b>\$ 609,172</b>	<b>\$ 688,538</b>	<b>\$ 1,297,710</b>	<b>\$ 1,516,054</b>	<b>\$ 218,344</b>	<b>86%</b>
Agency Admin Allocations	109,772	130,545	240,321	264,500	24,179	91%
<b>Fully Allocated Operating Expenses</b>	<b>\$ 718,944</b>	<b>\$ 819,083</b>	<b>\$ 1,538,031</b>	<b>\$ 1,780,554</b>	<b>\$ 242,523</b>	<b>86%</b>
<b>Net Subsidy from Fully Allocated Operations</b>	<b>\$ (718,944)</b>	<b>\$ (818,657)</b>	<b>\$ (1,537,605)</b>	<b>\$ (1,780,554)</b>	<b>\$ 242,949</b>	<b>86%</b>
Contingency	-	-	-	53,417	53,417	-
Depreciation & Amortization	712,881	713,078	1,425,959	1,392,134	(33,825)	102%
<b>Net Subsidy</b>	<b>\$ (1,431,825)</b>	<b>\$ (1,531,735)</b>	<b>\$ (2,963,564)</b>	<b>\$ (3,226,105)</b>	<b>\$ 262,541</b>	<b>92%</b>
<b>Ridership</b>						
Boardings	219,443	229,962	449,405	422,303	27,102	106%
Average Weekday Boardings	2,873	3,066	2,964	2,808	156	106%

**Ridership:** Ridership was about 1% higher than the same period of 2006, but was over the forecast 2007 ridership by 6%. Demand for Tacoma Link service continues to exceed 2010 forecasts.

**Services** were under 2007 YTD budget by \$86K or 20%. Maintenance of facilities and the operations and maintenance facility was under budget by about \$86K as major work on the overhead catenary system has been pushed to later in the year. Maintenance of Vehicles was under the budget by \$24K. Security costs have been running ahead of budgeted levels by \$35K as Tacoma Link is covering a share of the security management and shared costs that were not budgeted for.

**Material and Supplies** were under 2007 YTD Budget by \$28K or 31%. This is a timing difference related to the procurement of shop tools and this category is expected to be at budget at year end.

**Insurance** was under the budget by \$60K or 29%, reflecting positive claims experience.

**Agency Admin Allocations** were at 91% of the YTD budget. This account includes the staff operating costs allocated from both corporate and line of business departments.

## Capital

### Sounder Capital

#### Sounder Commuter Rail - Capital Outlays by Phase For the Six Months Ending June 30, 2007

Current Year 2007					
Phase	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c / b]
Agency Administration	5,239,033	2,645,465	2,109,246	536,219	80%
Preliminary Engineering	1,322,416	816,333	432,351	383,982	53%
Final Design	3,986,563	2,709,421	1,140,966	1,568,455	42%
ROW Acq. & Permits	59,731,781	5,275,640	803,488	4,472,152	15%
Construction	105,731,471	44,647,134	20,295,462	24,351,672	45%
Vehicles	-	-	-	-	-
Contingency	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 176,011,265</b>	<b>\$ 56,093,992</b>	<b>\$ 24,781,513</b>	<b>\$ 31,312,480</b>	<b>44%</b>

Lifetime Capital Plan					
Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	49,256,537	36,747,436	5,555	12,503,547	75%
Preliminary Engineering	27,451,447	25,153,540	271,608	2,026,299	93%
Final Design	34,074,821	27,484,373	2,733,340	3,857,107	89%
ROW Acq. & Permits	355,305,133	292,814,656	1,280,240	61,210,237	83%
Construction	547,291,454	366,003,888	49,693,671	131,593,895	76%
Vehicles	135,443,050	134,504,945	0	938,106	99%
Contingency	66,184,403	-	-	66,184,403	0%
Unabsorbed Overhead		8,824,402		(8,824,402)	
<b>TOTAL</b>	<b>\$ 1,215,006,845</b>	<b>\$ 891,533,239</b>	<b>\$ 53,984,414</b>	<b>\$ 269,489,192</b>	<b>78%</b>

### Sounder Capital Notes

**Agency Administration** spending was at 80% of the 2007 YTD budget. This category includes the total line of business and administrative overhead charged to capital projects.

**Preliminary Engineering** spending was at 53% of the 2007 YTD budget, \$384 thousand below the \$816 thousand budgeted through June. Factors contributing to the lower than expected spending includes:

- D Street – M Street Track and Signal was \$355 thousand under budget. Project scope has not yet been determined. Feasibility studies to determine a preferred alternative are expected to be completed in late 2007, with board action to follow at the end of 2007.
- Permitting/Environmental Mitigation was \$162 thousand under budget. Development of an alternative mitigation concept has not required consultant assistance; once an alternative mitigation project has been selected spending will increase.
- Tukwila Station was \$204 thousand under budget due to protracted contract negotiations which delayed the project start.

- Lakewood Station was \$328 thousand over budget due to the timing of the reclass of budget and expense from Rex Project SR512 Park and Ride Expansion to Lakewood Station as part of the 2007 budget process.

**Final Design** spending was at 42% of the 2007 YTD budget, \$1.6 million below the \$2.7 million budgeted through June.

- Mukilteo Station, North Platform was \$248 thousand under budget. Final design phase is complete but resolution of disputes over consultant's performance resulted in delayed payment of invoices, the issue has now been resolved.
- Mukilteo Station, South Platform was \$279 thousand under budget. Final design phase work was expected to begin in January and will not start until August. Design work was delayed while the North Platform issues were resolved and to accommodate the BNSF track construction schedule.
- D Street – M Street Track and Signal was \$901 thousand under budget. Start of final design has been delayed until the fourth quarter of 2008 due to additional study to determine a preferred alternative. Selection is expected to be completed in late 2007, with board action to follow by the end of 2007.

**ROW** spending was at 15% of the 2007 YTD budget, 4.5 million under the \$5.3 million budgeted through June.

- Permitting/Environmental Mitigation was \$960 thousand under budget due to delays in property acquisition of a potential mitigation site. The City of Marysville is assisting with the property acquisition in the Snohomish River estuary, but no offer has been made at this time.
- D Street – M Street Track and Signal was \$3.6 million under budget. ROW acquisition is on hold pending completion of alternative alignment studies as noted in the Final Design section.

**Construction** spending was at 45% of the 2007 YTD budget, \$24.4 million under the \$44.6 million budgeted through June.

- Layover was \$2.4 million under budget. The Lakewood Layover project is on hold until decisions are made on the D Street – M Street Track and Signal project. In Snohomish County the Everett Layover project was delayed by protracted negotiations with BNSF for property exchange.
- Mukilteo Station, North Platform was \$1.1 million under budget. Advertising the project for construction was delayed by protracted negotiations with BNSF for property exchange.
- Everett Station was \$4.3 million under budget. Construction has been delayed due to the complexity of the BNSF property acquisition in which Sound Transit will receive a lease for the platform in exchange for property that we own in fee.
- Seattle-Tacoma phase 2 Track and Signal improvements were \$10.2 million under budget. Delayed access to the rails created by the City of Tacoma's D Street project impacted Phase II track and signal improvement which resulted in delays in 2007 project spending. In addition, expenditures have come in lower than what was anticipated in the contract amounts.
- Reservation-Freighthouse was \$1.8 million under budget. Project was budgeted to be completed sooner than the currently forecasted early third quarter 2007 completion date.
- M Street – Lakewood Track and Signal was \$3.4 million under budget. Advertising the project for construction bids has been delayed from 1Q 2007 to 2Q 2008 due to continuing coordination of construction with WSDOT and failure of fiber optic companies to relocate. This delay will cause the project to miss the projection in the 2007 budget.
- D Street – M Street Track and Signal was \$790 thousand under budget. The project has been delayed due to continuing study of alternative alignments as noted in the Final Design section.
- South Tacoma Station was \$1.5 million under budget due to delay in start of construction. The project has been advertised with construction expected to begin in the fall of 2007.

## Regional Express Capital

### Regional Express - Capital Outlays by Phase For the Six Months Ending June 30, 2007

Current Year 2007					
Phase	2007 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	3,405,042	2,092,702	1,214,100	878,602	58%
Prelim. Engineering	1,767,301	1,721,854	610,224	1,111,630	35%
Final Design	4,499,481	2,025,703	797,774	1,227,929	39%
ROW Acq. & Permits	3,888,616	785,120	550,842	234,278	70%
Construction	50,831,779	31,902,943	31,940,029	(37,086)	100%
Contingency	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 64,392,220</b>	<b>\$ 38,528,323</b>	<b>\$ 35,112,969</b>	<b>\$ 3,415,353</b>	<b>91%</b>

Lifetime Capital Plan					
Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	40,469,621	34,160,585	31,163	6,277,873	84%
Prelim. Engineering	51,300,943	48,543,812	2,661,180	95,951	100%
Final Design	56,563,988	38,415,201	4,870,350	13,278,438	77%
ROW Acq. & Permits	63,055,560	45,063,403	2,942,808	15,049,349	76%
Construction	517,129,444	334,344,730	67,850,379	114,934,336	78%
Contingency	56,722,000	-	-	56,722,000	0%
<b>TOTAL</b>	<b>\$ 785,241,557</b>	<b>\$ 500,527,731</b>	<b>\$ 78,355,880</b>	<b>\$ 206,357,947</b>	<b>74%</b>

## Regional Express Capital Outlay Notes

**Agency Administration** spending was at 58% of the 2007 YTD budget. This category includes the total line of business and administrative overhead charged to capital projects.

**Preliminary Engineering** spending was at 35% of the 2007 YTD budget, \$1.1 million under the \$1.7 million budgeted through June.

- Kirkland Transit Center was \$333 thousand under budget. Delay in identifying a preferred alternative has delayed completion of PE/ED resulting in under spending compared to budgeted expenditures.
- Rainier Avenue/Hardie Avenue Arterial Improvements was \$489 thousand under budget due to project being put on hold by City. The City of Renton will be sending a proposed change in scope for the ST Board to consider.
- SR512 Park & Ride Expansion has a \$328 thousand negative YTD balance due to the reclassification of all expenses and budget, including prior years, to the Sounder Lakewood Station project as part of the 2007 budget.

**Final Design** spending was at 39% of the 2007 YTD budget, \$1.2 million under the \$2.0 million budgeted through June.

- Redmond Transit Center was \$999 thousand under budget. This is a King County project funded by Sound Transit and the reimbursement request for \$1 million has not yet been submitted, but the project will be on budget by year end.
- I-90 Two-Way Transit & HOV Operations, Stage 1 was \$424 thousand under budget. Final design was completed in 2006. Remaining funds reflect contingency which will not be expended.
- SR522 HOV Enhancements/Bothell was \$385 thousand over budget. ST's contribution is capped and has been expended faster than what was anticipated in the budget. The WSDOT contract is going through the close out process.

**ROW** spending was at 70% of the 2007 YTD budget, \$234 thousand under the \$785 thousand budgeted through June.

- Totem Lake Transit Center/Evergreen Medical Center was \$179 thousand under budget. The payment for easement will not be made until the project is complete in 2008.
- N. Everett Transit Center/Everett Community College was \$119 thousand under budget. Right-of-Way payment to the City of Everett will occur after SEPA has been completed. It is anticipated the payment will be made in the 4<sup>th</sup> quarter of 2007.
- SR522 HOV Enhancements/Kenmore was \$261 thousand over spent. A majority of the right of way payments were paid following the possession and use hearings held in December 2006 and January 2007. ROW expenditures were budgeted to be spent from 2006 through 2008.

**Construction** spending was at 100% of the 2007 YTD budget, \$37 thousand over the \$31.9 million budgeted through June.

The following projects were exceeding the forecasted budget through June:

- S. Everett Freeway Station was \$5.4 million over spent. Construction is progressing ahead of the schedule assumed in the 2007 budget but is anticipated to be within the lifetime budget.
- Ash Way Transit Access/164<sup>th</sup> SW was \$2.2 million over the 2007 budget. The 2 year old claim with the contractor has been settled and the project will be closed pending final payment to WSDOT. The funds for the backlog of WSDOT invoices for this project were put into the contingency phase awaiting resolution of the claim.
- I-90 Two-way Transit & HOV Operations, Stage 1 was \$2.6 million over spent. Construction is progressing ahead of the schedule that was assumed in the 2007 budget.

The following projects were under spent through June:

- Eastgate HOV Access was \$2.4 million under budget. ST staff and WSDOT are working to determine the final cost of all changes to close out the project. The project will be completed under budget and with savings available to transfer to East King County Program Reserves.
- Canyon Park Freeway Station was \$2.5 million under budget. ST staff and WSDOT are working to determine the final cost of all changes to close out the project.
- Totem Lake Freeway Station was 1.2 million under spent. Construction is behind schedule due to delay in completing the work along 116<sup>th</sup> Street and to failure of a portion of the northern direct access ramp. Project is expected to be completed by year end, but most likely with spending over the predicted cash flow.
- Issaquah Transit Center was \$2.9 million under budget. The project is behind schedule due to the concrete strike and weather delays that occurred this past winter.
- Mercer Island Park & Ride was \$1.5 million under budget. Project is behind schedule due to design errors and construction repairs. Project is expected to be completed by year end, but most likely with spending over the predicted cash flow.

## Link Light Rail

### Link Light Rail - Capital Outlays by Phase For the Six Months Ending June 30, 2007

#### Current Year 2007

<u>Phase</u>	<u>2007 Adopted Capital Plan</u>	<u>YTD Capital Plan</u>	<u>YTD Actuals</u>	<u>YTD actuals (over)/under YTD Budget</u>	<u>YTD actuals as % of YTD Budget</u>
	<u>a</u>	<u>b</u>	<u>c</u>	<u>[b - c]</u>	<u>[c/b]</u>
Agency Administration	43,685,393	21,616,805	12,460,688	9,156,117	58%
Preliminary Engineering	835,903	444,501	104,639	339,862	24%
Final Design	29,646,616	17,868,617	9,663,341	8,205,276	54%
ROW Acq. & Permits	59,378,657	27,628,317	25,336,435	2,291,882	92%
Construction	386,752,343	188,685,882	206,092,771	(17,406,890)	109%
Vehicles	39,356,798	11,968,859	6,959,492	5,009,366	58%
Testing and Start-Up	4,150,992	2,177,042	1,161,006	1,016,036	53%
Contingency	12,747,361	-	-	-	-
<b>TOTAL</b>	<b>\$ 576,554,062</b>	<b>\$ 270,390,022</b>	<b>\$ 261,778,373</b>	<b>\$ 8,611,649</b>	<b>97%</b>

#### Lifetime Capital Plan

<u>Phase</u>	<u>Adopted Capital Plan</u>	<u>Life-to-date Outlays</u>	<u>Contract Remaining</u>	<u>Budget Remaining</u>	<u>% Spent &amp; Committed</u>
	<u>d</u>	<u>e</u>	<u>f</u>	<u>[d-(e+f)]</u>	<u>[(e+f)/d]</u>
Agency Administration	315,832,822	151,715,635	1,695,309	162,421,878	49%
Preliminary Engineering	95,161,963	91,570,350	379,652	3,211,961	97%
Final Design	273,823,902	179,095,065	58,421,078	36,307,759	87%
ROW Acq. & Permits	402,608,571	275,213,109	13,717,882	113,677,580	72%
Construction	2,550,347,678	1,053,784,861	303,457,494	1,193,105,324	53%
Vehicles	298,170,440	73,121,472	77,602,619	147,446,349	51%
Testing and Start-Up	18,996,111	2,433,535	14,183,608	2,378,968	87%
Contingency	152,293,257	-	-	152,293,257	0%
Overhead Reserve	-	7,928,271	-	(7,928,271)	-
<b>TOTAL</b>	<b>\$ 4,107,234,744</b>	<b>\$ 1,834,862,298</b>	<b>\$ 469,457,643</b>	<b>\$ 1,802,914,803</b>	<b>56%</b>

## Link Capital Outlay Notes

Link Light Rail capital outlays for the first six months of 2007 are 97% of the YTD budget plan.

Initial Segment construction, including systems installation and light rail vehicle procurement, is approximately 76.7% complete as of June 2007, with revenue service scheduled for July 2009. University Link final design is underway, with revenue service projected to begin in 2016. Sound Transit is working with the FTA staff to finalize the schedule and requirements for submitting application for the Federal Full Funding Agreement (FFGA).

Airport Link construction is underway along the C410 and C420 construction segments. Revenue Service date for the Airport Link is projected at the end of 2009.

Tacoma Link contracts are complete. Project closure is pending receipt of final invoices and payments related to vehicles and startup.

**Agency Administration** outlays are equal to 58% of the YTD 2007 budget plan. This budget category includes: Link staff support costs, agency costs allocated to projects, and direct charges. Actual agency staff cost allocation rates are lower than those used to prepare the budget.

**Preliminary Engineering** outlays are equal to 24% of the YTD budget plan. Preliminary engineering for the Initial Segment, University Link and Airport Link completed in 2006, except for ongoing environmental monitoring. PE work for North Link segment projects from UW Station to Brooklyn Station and 45<sup>th</sup> Street to Northgate will be performed only as needed. Expenditures are lower than planned, because no significant preliminary engineering work has been done during 2007.

**Final Design** outlays are equal to 54% of the YTD budget plan. Final design for University Link, delayed in starting until year-end 2006, is only 42% of the YTD budget plan at the end of June 2007. However, with approval of the Master Implementation Agreement (MIA) with the University of Washington in May, award of the systems engineering final design contract, and issuance of Notice to Proceed on June 12, 2007, and finalization of the Transitway Agreement amendment with the City of Seattle in June, final design for University Link is fully underway, and better outlay performance is expected during the succeeding two quarters. Expenditures for the Initial Segment and Airport Link are related to design support for major construction activities: current year outlays for the Initial Segment are 90% of the YTD budget plan and 71% of the YTD budget plan for Airport Link.

**ROW Acquisition & Permits** outlays are 92% of the annual budget plan. Initial Segment acquisitions at 138% are ahead of the YTD plan, because several large payments planned for 2006 were not made until 2007. Payments to King County Metro for use of the DSTT are 79% of the YTD budget plan. Acquisitions for University Link are 69% of the YTD budget plan, up from 52% of plan last quarter. As of June 2007, ST has acquired 4 of the 19 property parcels, and completed 16 of the 133 relocations of owners and tenants, that are needed for the construction staging area of Capitol Hill Station. Airport Link acquisitions are 190% of the YTD budget plan, and exceed the annual budget plan by \$2.2 million, with one property acquired during the past three months being purchased for \$3.3 million over the original appraised value. As of June 2007, ST has acquired 9 of 14 certified property parcels, although two parcels may be decertified due to plan changes. Final expenditures are forecast to be within the lifetime adopted budget.

**Construction** outlays are 109% of the YTD budget plan.

Initial Segment expenditures are 104% of the YTD plan, as construction continues to progress towards the projected July 2009 completion date. Restoration of Pine Street was completed in May 2007, and substantial completion on the Downtown Seattle Transit Tunnel (DSTT) was achieved in early June, on time to begin operator training and testing mid-month. Productivity continued to improve on the Beacon Hill Tunnel, the critical section of the project. Rainier Valley roadway paving was essentially completed in May 2007 and has been opened to traffic. Trackwork progress matched the planned rate through the second quarter of 2007. Station work is slightly delayed due to structural steel issues, and the Contractor has hired more steel fabricators to bring the project back on schedule.

In Tukwila the first section of the guideway was be turned over to Systems contractors mid-June. Segment casting was completed in June, and 85% of the segments have been delivered to Tukwila. A new transformer was installed and power restored at the Operations & Maintenance Facility mid-June. Systems work is scheduled to complete by July 2007. Systems work continued in the DSTT, and power-up testing started at the University and International District Stations.

Although Airport Link construction expenditures are 148% of the YTD 2007 budget plan for the second quarter of 2007, work is progressing in accordance with the current construction schedule, and the C410 and C420 contract budgets are not at risk. The higher than planned costs reflect advance payments to the Port of Seattle per the agreement, which differs from the construction progress methodology used to cash flow expenditures for the budget. To reduce the cost for construction of the Airport Station, and move work forward to meet the December 2009 service date, the construction contract was separated into two packages: station concrete platform and guideway, and station finishes. Negotiations with the selected contractor to construct the station concrete package have been ongoing since March 2007, and award of the contract by the ST board is expected in July. Also during this period, a contract amendment with the final design consultant to redesign of the station finishes package was negotiated, with board adoption expected in July.

**Vehicles** outlays are 58% of the YTD budget plan. The current payment plan for this contract is tied to specific deliverables, and is apportioned between the Initial Segment and Airport Link. Progress for the light rail vehicle procurement is on schedule. During this period testing continued on cars 1 and 2, cars 3-17 are in Everett for final assembly. In Japan, interior equipment was installed on cars 18-35.

**Testing and Start-Up** outlays are only 53% of the YTD budget plan, but will quickly ramp up with hiring for 2007 staffing completed in April, and DSTT reopening bus driver training starting in June. Testing and training with the light rail vehicle continued throughout this period. Expenditures for startup are in accordance with the Intergovernmental Agreement between Sound Transit and King County Metro (KCM) to operate the Central Link Operations and Maintenance Facility, and are distributed between the Initial Segment and Airport Link projects. Life-to-date outlays include prior year expenditures for Tacoma Link testing and startup.

## Agency Administration Expenses

### Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts

For the Six Months Ending June 30, 2007

Budget to Actuals

	Q2 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Executive	236,930	257,181	494,111	753,825	259,714	66%
Policy Planning & Public Affairs	1,152,756	1,232,366	2,385,122	2,522,822	137,701	95%
Legal	572,005	633,813	1,205,818	1,392,653	186,835	87%
Finance & Information Technology	2,399,057	2,781,009	5,180,066	6,164,664	984,598	84%
Link Light Rail	2,782,789	2,699,560	5,482,349	6,342,288	859,939	86%
Capital Projects	870,980	770,513	1,641,493	2,013,290	371,797	82%
Corporate Services	1,677,303	2,197,827	3,875,131	4,077,425	202,294	95%
Transportation Services	1,015,495	1,148,508	2,164,002	2,960,971	796,968	73%
Non-Departmental	985,039	967,074	1,952,113	2,286,750	334,637	85%
<b>TOTAL</b>	<b>\$ 11,692,355</b>	<b>\$ 12,687,849</b>	<b>\$ 24,380,205</b>	<b>\$ 28,514,688</b>	<b>\$ 4,134,483</b>	<b>86%</b>

### Staff & Other Expenses

For the Six Months Ending June 30, 2007

Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2007 Actuals	YTD 2007 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	8,416,255	8,334,755	16,751,010	18,654,080	1,903,070	90%
Services	1,556,287	2,058,327	3,614,614	4,897,844	1,283,230	74%
Materials & Supplies	210,380	246,081	456,461	793,399	336,938	58%
Miscellaneous Expenses	232,784	710,954	943,738	1,043,862	100,124	90%
Leases & Rentals	463,407	458,686	922,093	1,006,930	84,837	92%
Other Expenses	304,763	362,646	667,409	800,271	132,862	83%
Depreciation	508,479	516,401	1,024,880	1,318,302	293,422	78%
<b>Gross Staff Operating Expenses</b>	<b>\$ 11,692,355</b>	<b>\$ 12,687,850</b>	<b>\$ 24,380,205</b>	<b>\$ 28,514,688</b>	<b>\$ 4,134,483</b>	<b>86%</b>
Expense Transfers	(7,241,108)	(7,637,672)	(14,878,780)	(17,897,408)	(3,018,628)	83%
<b>Net Staff Operating Expenses</b>	<b>\$ 4,451,247</b>	<b>\$ 5,050,178</b>	<b>\$ 9,501,425</b>	<b>\$ 10,617,281</b>	<b>\$ 1,115,855</b>	<b>89%</b>
 Other Expenses						
Transit Vision	1,574,143	3,481,169	5,055,313	14,047,638	8,992,326	36%
Transit-Oriented Development	5,463	81,742	87,205	203,544	116,339	43%
STart	8,110	10,216	18,326	206,142	187,816	9%
Community Development Fund	30,708	405,241	435,949	845,760	409,811	52%
Debt Service Costs	64,779	65,806	130,585	970,223	839,638	13%
Non-Capitalizable LOB expenses	515,503	2,185,552	2,701,055	3,981,798	1,280,743	68%
<b>Total Other Expenses</b>	<b>\$ 2,198,707</b>	<b>\$ 6,229,726</b>	<b>\$ 8,428,433</b>	<b>\$ 20,255,105</b>	<b>\$ 11,826,672</b>	<b>42%</b>
 <b>Grand Total Operating Expenses</b>	 <b>\$ 6,649,954</b>	 <b>\$ 11,279,904</b>	 <b>\$ 17,929,858</b>	 <b>\$ 30,872,386</b>	 <b>\$ 12,942,527</b>	 <b>58%</b>

## Staff Operating Notes

**Salaries and Benefits** were below budget by \$1.9M, or 10%, at the end of the second quarter. This is due to lower than budgeted headcount, which directly affects these expenditure levels. There were 324 filled corporate department positions on June 30 compared to 361 budgeted corporate department positions.

**Services** were below budget by \$1.3M, or 26%, at the end of the second quarter. Many of the larger services expenses will occur later in the year than was originally anticipated.

**Materials and Supplies** were below budget by \$337K, or 42%, at the end of second quarter. The largest variances were for less than anticipated materials and supply spending in the communications and information technology divisions.

**Miscellaneous Expenses** were below budget by \$100K, or 10%, at the end of second quarter. Contingency is part of this account category which has remained unspent to date.

**Leases & Rentals** were below budget by \$85K, or 8%, at the end of second quarter. This category includes administrative facilities rent, parking garage lease and meeting space rentals.

**Other Expenses** were below budget by \$133K, or 17%, at the end of second quarter. This category includes insurance, utilities, taxes and interest.

**Depreciation** was below budget by \$293K, or 22%, at the end of second quarter. Included in the category is depreciation on assets such as fleet vehicles, Union Station building, Furniture and Fixtures, Computer Equipment, Office Equipment, Software and Capital Leases.

**Expense Transfers** were below budget by \$3.0M, or 17%, at end of second quarter. This category represents the allocated overhead dollars that are transferred to capital and operating projects. This category was under budget due to \$4.1M in overall lower spending in the staff operating departments compared with the budget.

## Other Non-Operating Expense Notes

**Transit Vision** was below budget by \$9.0M, or 64%, at the end of second quarter. This category includes operational spending for Fare Integration, Research & Technology, Phase 2 Planning, and East Corridor Planning. There will be more spending in the second half of the year for Phase 2 Planning related to mailings to households. In the Fare Integration project delays have caused payment of the Beta Test Acceptance Milestone to move forward to later in the 2007 budget.

**Transit-Oriented Development** was below budget by \$116K, or 57%, at the end of the second quarter. These funds are for transit-related studies and are only spent as needed.

**STart** was below budget by \$187K, or 91%, at the end of the second quarter. The expense budget for STart is for repairing and maintaining art as it is needed.

**Community Development Fund** was below budget by \$410K, or 48%, at the end of the second quarter, due to fewer than anticipated mitigation payments.

**Debt Service Costs** were below budget by \$840K, or 87%, at the end of second quarter reflecting a variance to our projected allocations to capital projects.

**Non-Capitalizable LOB Expenses** was below budget by \$1.3M, or 32%, there were fewer than anticipated Non-Capitalizable costs in the second quarter.

## Subarea Second Quarter 2007 Summaries

### Subarea Revenue Summary Millions YOE\$

2007 Tax Revenues	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Jun YTD Budget	20.8	40.9	29.2	42.9	30.5	0.0	164.2
Jun YTD Actual	21.3	42.2	30.3	42.7	30.3	0.0	166.7
\$ Variance	0.5	1.3	1.1	-0.2	-0.2	0.0	2.5
% Variance	2.5%	3.1%	3.8%	-0.4%	-0.8%	-	1.5%
2007 Farebox Revenues							
Jun YTD Budget	1.3	0.0	1.3	3.3	2.5	0.0	8.3
Jun YTD Actual	1.4	0.0	1.5	3.7	2.8	0.0	9.3
\$ Variance	0.1	0.0	0.2	0.4	0.3	0.0	1.0
% Variance	6.3%	-	12.3%	13.5%	13.6%	-	12.1%
2007 Grant Revenues							
Jun YTD Budget	0.1	23.6	19.6	1.6	3.2	0.0	48.1
Jun YTD Actual	0.9	10.2	16.8	0.8	1.1	0.0	29.7
\$ Variance	0.8	-13.4	-2.8	-0.9	-2.1	0.0	-18.5
% Variance	600.6%	-57.0%	-14.3%	-54.3%	-66.0%	-	-38.3%
2007 Other Revenues							
Jun YTD Budget	0.1	0.1	0.0	0.0	0.1	6.0	6.4
Jun YTD Actual	0.4	0.7	1.4	0.2	1.3	12.1	16.2
\$ Variance	0.4	0.6	1.4	0.1	1.2	6.1	9.8
% Variance	400.1%	401.9%	15546.1%	407.2%	962.1%	101.2%	152.7%

### Subarea Operating Expense & Capital Outlay Summary Millions YOE\$

2007 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Jun YTD Budget	11.0	-	16.8	21.4	23.0	-	72.2
Jun YTD Actual	8.9	0.0	14.4	19.7	19.4	-	62.5
Percent Spent	81.5%	-	85.9%	91.8%	84.2%	-	86.5%
2007 Other Operating Expenses							
Jun YTD Budget	0.1	0.6	(0.3)	1.6	1.9	26.9	30.9
Jun YTD Actual	0.0	(0.5)	(0.1)	0.4	0.1	17.9	17.9
Percent Spent	NA	NA	NA	NA	NA	NA	NA
2007 Capital Outlays							
Jun YTD Budget	12.5	169.0	117.5	36.5	33.6	2.0	371.1
Jun YTD Actual	11.0	150.8	121.0	25.3	14.1	1.5	323.7
Percent Spent	88.4%	89.2%	103.0%	69.5%	42.0%	72.5%	87.2%
2007 Lifetime Capital Outlays							
LTD Budget	610.0	3,174.5	1,324.1	653.4	697.9	23.5	6,483.5
LTD Actual	404.6	1,264.1	886.2	334.3	433.0	40.0	3,362.1
Outstanding Contracts	27.9	329.1	158.7	54.1	36.2	5.2	611.3
Percent Spent or Committed	70.9%	50.2%	78.9%	59.4%	67.2%	192.3%	61.3%

### Subarea Net Asset Summary Millions YOE\$

2007 Net Asset Summary	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	234.1	1,069.9	622.9	176.8	276.2	23.2	2,403.0
Restricted	5.8	19.4	39.8	-	26.7	27.1	118.9
Unrestricted	25.6	(117.7)	(57.9)	245.3	97.3	60.8	253.5
<b>Total Net Assets</b>	<b>265.5</b>	<b>971.6</b>	<b>604.8</b>	<b>422.1</b>	<b>400.2</b>	<b>111.1</b>	<b>2,775.4</b>